

Department of Employment and Economic Development
Extended Employment Program Compliance Examination Standards
July 1, 2014 through June 30, 2015

Authority

These standards, pursuant to Minn. Rules, Chapter 3300, Part 2035, Subpart 8 (C), are to be used by independent auditors (examiners) conducting compliance examinations of services provided and reported under contracts with the Department of Employment and Economic Development (DEED) for extended employment in accordance with Minn. Rules, 3300.2005-2055. The standards also apply to organizations that, with the permission of the DEED, subcontract with contractors of the DEED for extended employment services.

Development of the Examination Standards

The DEED seeks the input of providers and provider's independent examiners in the development of these standards by maintaining an ad hoc committee with statewide representation and requesting the attendance of executive directors, financial managers and independent auditors. The Audit Standards Workgroup is conscious of the need to keep examination costs to a minimum, communicate clear and understandable standards, identify suggested methods for testing the standards, and producing a quality outcome.

Audit Standards Workgroup

The 2015 Audit Standards Workgroup members are: Michael Bellesbach (Winona ORC), Thomas Cummings (CPA), Tim Hammond (Ramsey County Human Services), Anita Kavitz (DEED), Rod Pederson (Functional Industries), Daniel Persaud (CliftonLarsonAllen), Jason Seifert (Goodwill/Easter Seals), Steffany Truax (Hennepin County Human Services), and Michael Wirth-Davis (Goodwill/Easter Seals).

Effective Date

These standards are effective May 12, 2015 for the period: July 1, 2014 through June 30, 2015.

SFY 2015 EXAMINATION PROCEDURES

I. Scope of Examination

The objective of the practitioner's examination procedures, applied to management's assertion about an entity's compliance with specific requirements, is to express an opinion about whether management's assertion (Appendix A) is fairly stated in all material respects based on agreed upon criteria. The scope does not include an auditor's opinion on internal control over compliance.

II. Suggested Procedures

In an effort to reduce the cost of the examination, respond to auditors need for more direction, and establish greater uniformity in the testing and reporting of compliance, the DEED has included suggested testing protocol for auditors. These tests are not required and auditors will use their own professional judgment in determining whether or not the suggested procedures are sufficient for the auditor to issue an opinion on management's assertions.

III. Examination Requirements

A. **Due Date: October 31, 2015**

The *Extended Employment Compliance Examination Report*, including applicable supplemental schedules, must be received or post marked by the above date. Providers submitting late audit reports will not be eligible to receive credit for additional hours discovered during the course of the audit examination. The DEED may withhold Extended Employment reimbursement payments to providers for late audits until reports are received.

B. **Report Format and Delivery**

Written reports may be hand-delivered or delivered via United States Postal Service certified mail, to Anita Kavitz, Vocational Rehabilitation Services, First National Bank Building, 332 Minnesota Street, Suite E-200, St. Paul, MN, 55101.

Electronic audit reports in PDF format will be accepted when (a) the document contains all required signatures, and (b) it is attached to an email addressed to Anita.Weckman-Kavitz@state.mn.us. Please request confirmation of receipt.

C. **Current Requirements, Procedures, Reports**

Download current forms from the DEED website for the year ending June 30, 2015. Forms from a prior period will not be accepted.

D. **Applicable Standards**

The examination is to be conducted in accordance with Generally Accepted Auditing Standards contained in AICPA professional standards, Attestation Standards, Compliance Attestation Examination Engagement.

E. Opinion on Management's Assertions

The opinion on management's assertions shall be for the period under examination, July 1, 2014 through June 30, 2015.

F. Criterion

The examination report will address the established criteria published by the DEED as shown in the samples. Disclose any criteria not applicable to a given provider. (See sample Management Assertion Letter (Appendix A) and Accountant's Report (Appendix B).)

G. Samples

1. Random sampling is required to be of a size sufficient to support statistically sound projection of variances to the unaudited population.
2. Selection. Auditors must select a representative, random sample as follows:
 - (a) **Supported Employment** (SE) – Haphazardly select a sample that is representative of employers and hours within the population provided from the Listing of Reported Participants and Relevant Data;
 - (b) **Center-based Employment** (CBE) and **Community Employment** (CE) – Haphazardly select a sample that is representative of work hours in each subprogram from the Listing of Reported Participants and Relevant Data.

However, in the event significant additional records are discovered, the auditor may need to take a new sample(s) based on the subprogram's population.

3. Confidence to Support Projections. With confidence in the results of their selected samples, auditors will project error rates of 10% or more to the population, as directed in Criterion #12 and Criterion #13. Auditors, who do not have confidence in the results of the initial sample, must expand the sample until a satisfactory level of confidence is achieved in accordance with professional standards, or withdraw from the engagement.
4. Testing the Sample. Auditors will apply all applicable tests to the selected sample and may expand the original sample as necessary. The selected sample will be used to perform tests identified in Criterion #1 through Criterion #11.
5. Report the Sample Size. Auditors will report the most significant samples (for each subprogram) on the lines provided in the lower left-hand corner of appendices C and D. For this reason, Appendix C must be included in the auditor's report even if no variances are reported. Appendix D must be included in the auditor's report for new and expanded programs only.

H. Supplemental Reports

1. Questioned Items. Supplemental reports of all questioned items (noncompliance) will be issued. Variances will be reported in the form of questioned hours and wages, in the format provided by the DEED, i.e., *Schedule of Questioned Hours and Wages* (Appendix C/D).
2. Summary Reports. A summary report of variances and the effect on the provider's

community and supported employment contract will be issued in the format provided by the DEED in Community Support Fund Reconciliation (Appendix E). A summary report of variances and the effect on the provider's center-based employment contract will be issued in the format provided by the DEED in Center-based Employment Fund Reconciliation (Appendix F.)

3. Disclosure of Procedures. The Audit Procedures Checklist (Appendix G) will be submitted with the examination report. This report must be signed by the Executive Director and a member of the Board of Directors who is not involved in the daily operation or management of the organization.
4. Provider's Response to Findings. The auditor will submit the provider's response to reported variances and recommendations to DEED with the audit report. The response will include cause and corrective action.

IV. Requirements for New/Expanded Programs

- A. Criterion #2 is applicable to Extended Employment (EE) providers with New/Expanded (N/E) program funding during the examination period.
- B. New/expanded grant awards are intended to increase EE services to a specific population and/or geographic area for up to three years. During the new/expanded funding period, providers shall receive reimbursement exclusively for work hours of the population identified in the DEED funding letters, April/May 2013. See Appendix 1 for a list of providers with grant awards during the period, and the population to be served – by disability group and county of residence.
- C. Obtain a Listing of Reported Participants and Relevant Data for participants reported to the New & Expanded Program from the DEED website. For help, contact Wendy.Keller@state.mn.us.
- D. Apply Criterion #2 to 100% of the workers reported to the N/E program for reimbursement.
- E. Contact Anita.Weckman-Kavitz@state.mn.us to obtain monitoring reports for N/E programs. Monitoring of these programs is intended to sample elements subject to audit during the contract period. The purpose of monitoring is to (a) alert providers and DEED staff to training and technical assistance needs, (b) alert providers to errors that could result in the repayment of funds during the audit/reconciliation process, and (c) to remove erroneous data from the EE database.
- F. A separate schedule (Schedule of Questioned Hours for New/Expanded Programs (Appendix D) should be submitted to the DEED for the questioned hours of a new/expanded program.
- G. Determine the contracted allocation for the new/expanded program by reviewing the provider's Extended Employment Contract and the allocation reported on Appendix 1.
- H. Reconcile N/E grant funds on Part B of the Community Support Fund Reconciliation (Appendix E).

V. Materials Available from the Provider

- A.) The auditor will need to review the following documents in the course of the examination: (1) Extended Employment Contract and amendments; (2) payroll source documentation; (3) case file documentation; (4) personnel policies of non-exempt staff and extended employment workers, (5) benefit accrual records, and (6) Electronic fund transfers from DEED to the provider in reimbursement for EE invoices up to the contracted allocation.
- B.) Auditors must obtain USERNAME and PASSWORD from providers in order to download provider-reported worker data necessary to select samples. It is permissible for the provider to download the worker data only if the auditor is present during the entire download process.

VI. Reference materials available from DEED

- A.) From the following DEED webpage, select the tab “*Compliance Audit Standards*” to download the documents and information necessary to conduct this engagement:

<http://mn.gov/deed/job-seekers/disabilities/extend-employment/service-providers/index.jsp>

- Extended Employment Program Rules (Minnesota Rules, 3300.2005-300.2055)
- 2015 Compliance Examination Standards
- 2015 Sample Forms (Appendices: A, B, C, D, G, H)
- 2015 Fund Reconciliation Forms (Appendices: E, F)
- Reimbursement rates for each subprogram: CBE \$1.91; CE \$3.49; SE \$4.06
- Sample benefit proportionality test

Note: the *Disclosure and acknowledgement of the need to enroll a MA waiver program recipient into the MN Extended Employment Program to provide ongoing employment support services* is included as [Appendix 4](#), and also made available on the website for download by providers in Word format.

- B.) With credentials from providers, auditors will be able to access the **DEED’s secure reports portal** (link below) where auditors will be able to generate a file for download into an Excel spreadsheet. This file contains provider-reported data necessary to a successful engagement. Access will be permitted from August 1, 2015 thru October 31, 2015.

<https://mnee.positivelyminnesota.com/>

- Contracted allocations by fund
- Invoices and payments
- Relevant data for persons served (EE workers)

Have a Question? We can help...

- Questions about the EE program rules, or an engagement question – contact Anita.Weckman-Kavitz@state.mn.us or 651.259.7347
- Trouble with the secure reports portal or downloading data – contact Wendy.Keller@state.mn.us, 651.259.7376

CLARIFYING NOTES TO AUDITORS

2015 forms. Download the current forms for the period to be audited. Make no change to any form without prior written approval of DEED's authorized agent, Anita Kavitz.

Key Changes: Criterion #3 – Workers have been paid appropriate hourly rates no longer requires case file review of the Customary Wage Determination. See page 9 for changes in suggested procedures. Criterion #5 – fundamental personnel benefits are assessed for persons served in DEED-certified locations and EE services (subprograms). See page 11 for changes in suggested procedures. Please review [sampling advice on page 3](#). Minor changes in other suggested procedures exist to improve clarity in the examination and results reported to DEED.

Monitoring reports. Contact Anita.Weckman-Kavitz@state.mn.us.

Correcting PRS records. Providers are **not** permitted to edit SFY15 records after July 31, 2015. Errors or omissions discovered after July 31, including those found in the *Listing of Reported Participants and Relevant Data* file will be reported as variances on the *Schedule of Questioned Hours and Wages*, and may or may not be included in the calculated error rate, based on the auditor's professional judgment.

Signatures required. The *Management Assertion Letter* and the *Audit Procedures Checklist* requires the original signatures of (a) the Executive Director, and (b) a member of the Board of Directors **not** involved in daily operations or management of the organization.

Fundamental personnel benefits. The EE rule intended that EE workers receive benefits equal to those received by full-time nonexempt employees with two exceptions: (a) when the EE worker works less than full-time, the vacation, sick and holiday (or PTO and holiday) should be earned on a prorated basis, and (b) even if the full-time nonexempt staff earn none of these benefits, no EE workers will earn less than 5 days each: vacation, sick and holiday. The website has an Excel benefit proportionality test file that may be helpful.

Contracted allocations & payments. The DEED issues *at least* one amendment to the EE contract annually. Please verify allocation and payments reported on the secure site with source documentation.

Questioned hours and wages (Appendices C & D). Identify questioned items from testing of Criterion 1-11 by displaying the reported hours and wages as negative values in the *Variance* column and identify the reason(s) for the questioned hours by identifying all failed compliance criteria in the column provided. Report all variances. Auditors are asked to refrain from making judgments about whether extenuating circumstances should negate the required criteria in particular cases; this is the responsibility of the DEED and the purpose of the appeal process. Report the total hours from the most significant selected sample (for each subprogram) in the space provided in the lower, left-hand corner. List the name and social security number of the worker as this information is necessary for DEED to correct the provider reporting system.

Management's response. Include management's response to reported variances as the last item in the bound examination report. Management's response will include cause and corrective action. If there are no reported variances or procedural deficiencies, this item is omitted.

Error rates and the fund reconciliations (Appendices E & F). Report the calculated error rates from the most significant sample. When the error rate is at least 10%, project the error rate to the reported population, and deduct the projected hours, rather than questioned hours, from the reported hours.

Late audit reports. If the report package will not be received by DEED, or post-marked, by the published due date, report only the sum of negative hours from the schedules for questioned hours and wages (Appendices C & D) on the fund reconciliation schedules (Appendices E & F).

Criterion 1: Workers have worked the hours reported, and earned the wages reported, by the provider for the reimbursement paid by the DEED as shown on the DEED *Listing of Reported Participants and Relevant Data* file.

Reference: Work hours. (Minn. Rules, 3300.2005, subpart 37)
Extended employment worker. (Minn. Rules, 3300.2005, subpart 18)
Center-based employment. (Minn. Rules, 3300.2005, subpart 6)
Community employment. (Minn. Rules, 3300.2005, subpart 10)
Supported employment. (Minn. Rules, 3300.2005, subpart 35)
State certification. (Minn. Rules, 3300.2010)
Statewide uniform rates. (Minn. Rules, 3300.2035, subpart 6)

Applicability: All EE workers

Sample unit: A block of hours and wages as reported to DEED in the *Listing of Reported Participants and Relevant Data*. **Select a representative sample from each subprogram: Supported employment (SE), Community employment (CE), and Center-based employment (CBE). Follow the sample requirements as noted under the [SFY2015 Examination procedures, part III, section G. \(2\), page 3](#).**

Suggested Procedure A: Determine that the provider held a valid *EE Program State Certificate of Operation* for the subprogram, at the specific work location (i.e., the physical address where the worker performed the reported hours of work, or in the case of community-based work the location where staff providing the worker's ongoing employment support services are permanently assigned). Compare the hours and wages reported in the *Listing of Reported Participants and Relevant Data* file to the independent payroll source documentation. Testing may result in the addition or the reduction of reported hours and wages.

Suggested Procedure B: Compare the hours and wages reported in the *Listing of Reported Participants and Relevant Data* file to the independent payroll source documentation. Testing may result in the addition or the reduction of reported hours and wages.

Report Results: Report positive and negative variances to reported hours and wages on Appendix C. *Schedule of Questioned Hours and Wages*, or Appendix D. *Schedule of Questioned Hours and Wages for New/Expanded Programs*. Questioned hours and wages should be displayed in brackets, as negative numbers, in the *Variance* columns. Identify criterion #1(A) and/or #1(B) as the reason for questioning the reported hours and wages.

Note: If the SE hours are disallowed, but meet the criteria for community employment, report variances on the reconciliation schedules by deducting the worker's reported hours and wages from Supported Employment and adding the worker's audited hours and wages to Community Employment.

Applicable Results: If the audit report will not be received by the DEED, or postmarked by the due date, the auditor may carry only the sum of the negative adjustments to the *Community Support Fund Reconciliation* and the *Center-based Employment Fund Reconciliation*.

Notes: A bonus or commission would be included in the determination of wages, but would not affect the hours.

Criterion 2: Workers reported to New/Expanded programs are persons who: (a) were not reported, by the provider, to the Extended Employment program in the contract period prior to the grant award; (b) are residents of a county specified in DEED's 2013 grant award letter, (c) are diagnosed by a qualified healthcare professional with one of the disabilities specified in DEED's 2013 grant award letter; and (d) receive the planned ongoing employment support services necessary to work in the competitive labor market.

Reference: Competitive employment. (Minn. Rules 3300.2005, subpart 9)
Expanded program. (Minn. Rules 3300.2005, subpart 14)
Extended employment support plan. (Minn. Rules 3300.2005, subpart 17; and 3300.2025, subpart 4.)
Extended employment worker. (Minn. Rules, 3300.2005, subpart 18)
New or Expanded programs. (Minn. Rules, 3300.2030)
New program. (Minn. Rules, 3300.2005, subpart 29)
Qualified health care professional. (Minn. Rules, 3300.2005, subpart 33)
Supported employment. (Minn. Rules, 3300.2005, subpart 35)
DEED 2013 Funding Letter. (SFY14 EE Program Grant Contract Attachment)
[DEED Summary of New and Expanded Grants \(Appendix 1\)](#)

Applicability: DEED and the provider executed an EE contract for New or Expanded services, (See Appendix 1.)

Sample unit: 100% of the workers reported to a New or Expanded program.

Suggested Procedure A: Determine that the worker was not reported (by the provider) to any Extended Employment subprogram (SE, CE, or CBE) during the period July 1, 2012 to March 31, 2013; Lifeworks Services received no funding prior to the N/E grant period. Auditors may download the prior-year's Listing of Reported Participants and Relevant Data file from the same website location as the current listing.

Suggested Procedure B: Determine that the reported worker qualifies for services on the basis of the worker's county of residence; see Appendix 1. The worker's county of residence may be documented by the worker, or guardian if the worker is not legally independent, or by the referral agent.

Suggested Procedure C: Determine that the reported worker qualifies for services on the basis of the worker's disability; see Appendix 1. The worker's disability is documented by an independent qualified healthcare professional, or in the written referral information supplied by DEED's Vocational Rehabilitation referral agent.

Suggested Procedure D: Compare the hours and wages reported in the (SFY15) Listing of Reported Participants and Relevant Data file to the independent payroll source documentation. Testing may result in the addition or the reduction of reported hours and wages.

Suggested Procedure E: Determine that the reported worker earned the applicable State or Federal minimum wage.

Suggested Procedure F: Determine that (a) the worker had a current Extended Employment Support Plan, developed with the informed consent of the worker, and (b) ongoing employment support services, consistent with those identified in the Extended Employment Support Plan were provided to the worker, at least twice per month.

Reported Results: Report positive and negative variances to reported hours and wages on Appendix D. Schedule of Questioned Hours and Wages for New/Expanded Programs. Questioned hours and wages should be displayed in brackets, as negative numbers, in the *Variance* columns. Identify criterion #2 (A, B, C, D, E, F) as the reason for questioning the reported hours and wages.

Note: If the reported N/E Supported Employment hours are disallowed on the basis of Procedure A, B or C, and comply with Criterion #3 and Criterion #4, report negative supported employment variances on Appendix D and audited (positive) supported employment variances on Appendix C. Schedule of Questioned Hours and Wages. If hours are questioned on the basis of Procedure E, report negative supported employment variances on Appendix D, and audited (positive) community employment variances on Appendix C. These two procedures allow providers to earn credit in their base allocation for hours that do not meet the requirements of the new/expanded supported employment program.

Applicable Results: If the audit report will not be received by the DEED, or postmarked by the due date, the auditor may carry only the sum of the negative adjustments to the Community Support Fund Reconciliation (Appendix E).

Criterion 3: Workers have been paid appropriate hourly rates.

Applicability:	All EE workers
Sample unit:	A payroll record for a single pay period
Reference:	Fair and equitable pay requirements (Minn. Rules, 3300.2015, subpart 6) Paid work (Minn. Rules, 3300.2005, subpart 32) Extended employment worker (Minn. Rules, 3300.2005, subpart 18) Fulltime non-exempt workers (as defined in the Fair Labor Standards Act)
Suggested Procedure A:	For workers paid sub-minimum wages, (a) determine if provider holds a valid sub-minimum certificate, (b) determine if prevailing wage survey for the period includes the worker's job, and (c) determine if provider assessed the worker's productivity semi-annually during the year under examination.
Suggested Procedure B:	For workers in supported employment, review the worker's pay stubs or other payroll advise to determine (a) the worker was paid wages as an employee of a legal entity that was not under contract to the Department to provide ongoing employment support services, and (b) the wages paid were at or above the applicable State or Federal minimum wage. If reported supported employees were not paid at the applicable minimum wage or the EE provider was the payroll agent, report as variances by deducting the worker's reported hours and wages from Supported Employment and adding the worker's audited hours and wages to Community Employment or Center-based Employment, as applicable.
Suggested Procedure C:	For self-employed workers, review documentation of (a) gross income divided by the hours reported on the <u>Listing of Reported Participants and Relevant Data</u> to determine if the applicable minimum hourly rate has been earned, and (b) verify quarterly self-employment income taxes were filed for the year under examination.
Results:	Report the lack of compliance or documentation on the Appendix C. <u>Schedule of Questioned Hours and Wages</u> or Appendix D. <u>Schedule of Questioned Hours and Wages for New/Expanded Programs</u> by questioning the reported hours and wages. Questioned hours and wages should be displayed in brackets, as negative numbers, in the <i>Variance</i> columns. Identify Criterion #3 (A, B, or C) as the reason for questioning the reported hours and wages.
Notes:	A bonus or commission would be included in the determination of wages, but would have no effect on the hours worked.

Criterion 4:	Workers in Supported Employment perform their work in integrated settings.
Applicability:	Workers in Supported Employment.
Sample unit:	A worker's case record
Reference:	Community employment. (Minn. Rules, 3300.2005, subpart 10) Integrated setting. (Minn. Rules, 3300.2005, subpart 25) Supported employment. (Minn. Rules, 3300.2005, subpart 35) Extended employment worker. (Minn. Rules, 3300.2005, subpart 18)
Suggested Procedure:	<p>For workers in supported employment, review documentation in the case files to determine if the integration level of the worker when on the job is typical of what would be found in the competitive labor market for the type of job.</p> <p>Example: A night janitor working alone is considered integrated because night janitors typically work alone. However, a group of disabled workers performing work in a segregated area, absent the normal contact and interaction with nondisabled workers/customers/supervisors, is not integrated.</p> <p>Note: If reported supported employees were not in integrated settings, but meet the criteria of community employment, report those variances by deducting the worker's reported hours and wages from Supported Employment and adding the worker's audited hours and wages to Community Employment on the Community Support Reconciliation Schedule (Appendix E).</p>
Results:	Report the lack of compliance or documentation on the Appendix C. <u><i>Schedule of Questioned Hours and Wages</i></u> or Appendix D. <u><i>Schedule of Questioned Hours and Wages for New/Expanded Programs</i></u> by questioning the reported hours and wages. Questioned hours and wages should be displayed in brackets, as negative numbers, in the <i>Variance</i> columns. Identify Criterion #4 as the reason for questioning the reported hours and wages.
Notes:	If the provider contracts with DEED for an allocation from the Community Support Fund and receives reimbursement from the fund, the criterion is applicable.

Criterion 5:	When the provider is the payroll agent, workers in DEED-certified Extended Employment locations and subprograms (a) receive fundamental personnel benefits proportionate to the full-time nonexempt staff, <u>and</u> (b) no worker earns less than the minimum annual accruals of 5 days paid vacation, 5 days paid sick leave, and 5 paid holidays, or 10 days paid flexible leave and 5 paid holidays.
Reference:	Fundamental personnel benefits. (Minn. Rules, 3300.2005, subpart 19) Fundamental personnel benefits. (Minn. Rules, 3300.2015, subpart 4) Extended employment worker. (Minn. Rules, 3300.2005, subpart 18) Full-time, nonexempt staff. (As defined in Fair Labor Standards Act) State certification. (Minn. Rules, 3300.2010, subpart 3.)
Applicability:	Workers for whom the provider is the payroll agent.
Sample unit:	A worker's benefit accruals and paid holidays during the state fiscal year
Suggested Procedure A:	Review the personnel policies of non-exempt staff and EE workers to test (a) the proportionality of benefits earned, at various stages/years of employment, between these groups, and (b) the minimum benefits are guaranteed all EE workers. <i>Example 1:</i> If fulltime, non-exempt employees earn 4 hours of leave (vacation, sick or PTO) per 80 hours of work, then the EE worker who works 80 hours must earn 4 hours of vacation, sick or PTO also. If the EE worker's hours are one-half of full-time, then the benefit accrual for the pay period shall also be one-half of the accruals earned by the full-time nonexempt staff members. <i>Example 2:</i> If accruals increase for the nonexempt staff at various intervals, based on years of employment, then the accruals must increase at the equivalent intervals for EE workers. For example, if accruals for nonexempt staff increase at 3, 6 and 10 years of employment, then accruals for EE workers must increase proportionately after 6,240 hours of work, 12,480 hours of work, and 20,800 hours of work. <i>Example 3:</i> If the full-time nonexempt staff receive 10 paid holidays, or 80 paid hours per year, then the EE worker who works 2080 hours during the year must receive 10 paid holidays totaling 80 paid holiday hours. The EE worker who works 1040 hours during the year will receive the same 10 days off, but will earn only 40 paid holiday hours, or 4 hours of paid holiday leave for each holiday, i.e., the number of hours paid for a holiday should be based on the length of the worker's average work day. <i>Example 4:</i> If the full-time nonexempt staff members receive zero paid holidays, vacation, sick leave or PTO, then the EE worker must earn the legal minimum benefit accruals: 5 days paid vacation, 5 days paid sick leave, and 5 paid holidays; or 10 days paid flexible leave and 5 paid holidays.
Suggested Procedure B:	Review the benefit accrual system to determine if sampled EE workers are earning the required levels of vacation and sick, or flexible leave, determined in Procedure A.
Suggested Procedure C:	Review payroll records to determine if EE workers are paid the required levels of holiday pay, determined in Procedure A.
Suggested Procedure D:	Review the DEED-issued <u>Certificate of Operation – Extended Employment Program Provider</u> to determine if EE workers are receiving ongoing employment support services through the service locations authorized by DEED to deliver Extended Employment services.
Results:	Report the lack of compliance or documentation on the Appendix C. <u>Schedule of Questioned Hours and Wages</u> or Appendix D. <u>Schedule of Questioned Hours and Wages for New/Expanded Programs</u> by questioning the reported hours and wages for the period in which benefit accruals failed to meet requirements. Questioned hours and wages should be displayed in brackets, as negative numbers, in the <i>Variance</i> columns. Identify Criterion #5 (A, B, and/or C) as the reason for the questioned hours and wages.
Note:	A length of a benefit day for accrual purposes is the same as the average day worked by the EE worker.

Criterion 6: Workers reported to the Extended Employment Program and enrolled in Medical Assistance (MA) Waiver programs are receiving separate and necessary services, and no duplicate funding is received by the provider.

Reference: Day training and habilitation program. (Minn. Rules, 3300.2005, subpart 12)
Extended employment provider or provider. (Minn. Rules, 3300.2005, subpart 16)
Extended employment worker. (Minn. Rules, 3300.2005, subpart 18)
Participants in day training and habilitation programs. (Minn. Rules, 3300.2015, subpart 7)
Other exclusions from eligibility for extended employment program funding. (Minn. Rules, 3300.2015, subpart 8)
Minnesota Department of Human Services' Minnesota Health Care Programs (MHCP) Manual

Appendix 2: [Understanding the relationship between the Federal Medical Assistance Waiver Program and Minnesota's Extended Employment Program](#) (SFY15 EE Audit Standards, pages 24-25).

Appendix 3: [Eligibility Analysis for MA – EE Dual Enrollment](#) (SFY15 EE Audit Standards, page 26).

Appendix 4: [Provider Disclosure and County Acknowledgement of Dual Enrollment in Medical Assistance Waiver Services and the Minnesota Extended Employment Program](#) (SFY15 EE Audit Standards, page 27).

Applicability: EE providers that receive funds from the Extended Employment Program and any Medical Assistance (MA) Waivers for services to persons enrolled in both programs.

Sample unit: 100% of the workers reported to the extended employment program and receiving services funded by MA waivers.

Suggested Procedure A:

- 1.) Ask the provider to produce all contracts/agreements with County agencies and the Minnesota Department of Human Services for Medical Assistance Waiver Program services. From the contracts/agreements, make a list of the authorized services by waiver, under each contract.
- 2.) Ask the provider to produce a list of all persons enrolled in MA Waiver programs. Compare the persons on the provider-generated list against DEED's Listing of EE Reported Participants and Relevant Data. Generate a new list of EE workers enrolled in Waiver-funded services.
- 3.) Test all EE workers enrolled in any MA-funded Waiver programs and reported to the EE program.
- 4.) Apply eligibility tests based on Waiver Service provided during the reporting period; if any criterion is not met, determine lack of compliance and note Criterion 6(A) on the Schedule of Questioned Hours and Wages.
 - a. Review the Individual Service Plan in the person's case file to identify the MA-funded service provided and verify the service is authorized by the applicable County/DHS (Waiver-program) contracts; and
 - b. Review the Listing of EE Reported Participants and Relevant Data to identify the subprogram (Supported Employment, Community Employment, Center-based Employment) in which the person's work hours are reported; and
 - c. Review Appendix 3 to verify the eligibility for reporting work hours to the EE subprogram based on the MA-recipients authorized Waiver service; and
 - d. Verify ongoing employment support services provided during the hours reported to the EE program are provided under an Extended Employment Support Plan; and
 - e. Verify ongoing employment support services identified in the Extended Employment Support Plan are delivered by provider staff members who are not employees of a day activity center licensed by the Department of Human Services, or other personnel funded by the Department of Human Services.

Suggested Procedure B:

- 1.) Ask the provider to produce the worker's Disclosure and Acknowledgement of the need to enroll a Medical Assistance Waiver Program recipient into the Minnesota Extended Employment Program to provide ongoing employment support services (Appendix 3) or the provider's form containing **all** of the elements identified in Appendix 4. Apply test for authorization of separate services during the reporting period; if any criterion is not met determine lack of compliance.
 - a. The provider has demonstrated the need for EE ongoing employment support services beyond what can be provided under the recipient's authorized waiver services; and
 - b. The County Human Services Supervisor, not the recipient's Case Manager, has acknowledged the consumer's need for ongoing employment support services that cannot be provided under the recipient's Waiver Program.

Results: Report the lack of compliance or documentation on the Appendix C. Schedule of Questioned Hours and Wages or Appendix D. Schedule of Questioned Hours and Wages for New/Expanded Programs by questioning the reported hours and wages. Questioned hours and wages should be displayed in brackets, as negative numbers, in the *Variance* columns. Identify Criterion #6(B) as the reason for the questioned hours and wages.

Criterion 7: **Workers are persons with a most severe disability, who have 3 or more serious functional limitations affecting employment, and who require ongoing employment support services to maintain or advance in employment.**

Reference: Extended employment worker. (Minn. Rules, 3300.2005, subpart 18)
 Individual with a most severe disability. (Minn. Rules, 3300.2005, subpart 22)
 Functional area. (Minn. Rules, 3300.2005, subpart 20)
 Qualified health care professional. (Minn. Rules, 3300.2005, subpart 33)

Applicability: All EE workers.

Sample unit: A worker reported to the extended employment program

Suggested Procedure A: Review the referral information in the case file. Determine that the reported worker qualifies for services on the basis of a disability resulting in three functional limitations to employment. The worker's disability and functional limitations may be documented by an independent qualified healthcare professional, or by referral information supplied by DEED's Vocational Rehabilitation referral agent. Compare with the *Listing of Reported Participants and Relevant Data* to determine if disability and three functional limitations were reported accurately to the DEED.

Suggested Procedure B: Review the referral information in the case file. Determine that the referral source identified the need for ongoing employment support service.

If the referral is for job development, job placement, or work in a community-based setting, ensure referral documents, or subsequent communication from the referral agent, determined the need for ongoing employment support services *after* the worker's initial stabilization in the job.

Clarifying Note: A referral for *Independent Placement* or *Competitive Placement* or *Competitive Employment without Supports*, is not a referral to Extended Employment because the referral source has determined there is no need for ongoing employment support services after the provider has assisted the worker to become stabilized in their job.

Suggested Procedure C: Review the case file to determine the existence of a current *Extended Employment Support Plan* that addresses the need for ongoing support services to maintain or advance in employment. The plan must be signed by the worker or the legal guardian if the worker is not independent.

Results: Report the lack of compliance or documentation on the Appendix C. *Schedule of Questioned Hours and Wages* or Appendix D. *Schedule of Questioned Hours and Wages for New/Expanded Programs* by questioning the reported hours and wages. Questioned hours and wages should be displayed in brackets, as negative numbers, in the *Variance* columns. Identify Criterion #7(A, B, or C) as the reason for the questioned hours and wages.

Criterion 8:	Workers have a current <u>Extended Employment Support Plan</u> developed with the informed consent of the worker, or the worker’s legal guardian.
Reference:	<p>Extended employment support plan. (Minn. Rules, 3300.2005, subpart 22)</p> <p>Extended employment support plans. (Minn. Rules, 3300.2025, subpart 4)</p> <p>Annual reassessment of extended employment support plans (Minn. Rules, 3300.2025, subpart 8)</p> <p>Case records. (Minn. Rules, 3300.2025, subpart 9)</p> <p>Informed consent. (Minn. Rules, 3300.2005, subpart 24)</p>
Applicability:	All extended employment workers.
Sample unit:	A worker reported to the extended employment program
Suggested Procedure A:	For workers reported in Center-based Employment, review the case record for extended employment support plans developed and reviewed or updated within the examination period. If the worker has a goal of supported employment or community employment, determine if the plan was reviewed and updated, at least every six months. If the worker has a goal of center-based employment, determine if the plan was reviewed and updated, at least annually.
Suggested Procedure B:	For workers reported in Community Employment and Supported Employment, determine if the plan was reviewed and updated, at least annually.
Suggested Procedure C:	Determine that the worker, or legal guardian if applicable, signed and dated the Extended Employment Support Plan indicating informed consent. Note: it is not appropriate to retroactively date plans or to pre-date documents where the worker’s informed consent is expected.
Results:	Report the lack of compliance or documentation on the Appendix C. <u>Schedule of Questioned Hours and Wages</u> or Appendix D. <u>Schedule of Questioned Hours and Wages for New/Expanded Programs</u> by questioning the reported hours and wages. Questioned hours and wages should be displayed in brackets, as negative numbers, in the <i>Variance</i> columns. Identify Criterion #8 as the reason for the questioned hours and wages.

Criterion 9: **The worker’s Extended Employment Support Plan identifies the ongoing employment support services necessary for the worker to maintain and advance in employment.**

Reference: Extended employment support plan. (Minn. Rules, 3300.2005, subpart 22)
 Extended employment support plans. (Minn. Rules, 3300.2025, subpart 4)
 Ongoing employment support services. (Minn. Rules, 3300.2025, subpart 31)
 Case records. (Minn. Rules, 3300.2025, subpart 9)

Applicability: All extended employment workers.

Sample unit: The extended employment support plan

Suggested Procedure: Determine if the Extended Employment Support Plan contains the specific ongoing employment support services to be provided to the worker by the provider, or by the employer if under the provisions of a written agreement between the employer and the provider, pursuant to Minn. Rules, 3300.2025, subpart 6.

Results: Report the lack of compliance or documentation on the Appendix C. Schedule of Questioned Hours and Wages or Appendix D. Schedule of Questioned Hours and Wages for New/Expanded Programs by questioning the reported hours and wages. Questioned hours and wages should be displayed in brackets, as negative numbers, in the *Variance* columns. Identify Criterion #9 as the reason for the questioned hours and wages.

Criterion 10: The ongoing employment support services provided to the worker are consistent with the services identified in the Extended Employment Support Plan.

Reference: Extended employment support plan. (Minn. Rules, 3300.2005, subpart 22)
Extended employment support plans. (Minn. Rules, 3300.2025, subpart 4)
Ongoing employment support services. (Minn. Rules, 3300.2025, subpart 31)
Case records. (Minn. Rules, 3300.2025, subpart 9)

Applicability: All EE workers.

Sample unit: A worker reported to the extended employment program

Suggested Procedure: Review the case file. The ongoing employment support services provided to the worker and documented in the case file are contained within the Extended Employment Support Plan.

Results: Report the lack of compliance or documentation on the Appendix C. Schedule of Questioned Hours and Wages or Appendix D. Schedule of Questioned Hours and Wages for New/Expanded Programs by questioning the reported hours and wages. Questioned hours and wages should be displayed in brackets, as negative numbers, in the *Variance* columns. Identify Criterion #10 as the reason for the questioned hours and wages.

Criterion 11: Workers receive a minimum of two in-person contacts per month in the delivery of ongoing employment support services.

Reference:	Ongoing employment support services. (Minn. Rules, 3300.2005, subpart 31) Extended employment support plan. (Minn. Rules, 3300.2005, subpart 22) Minimum contact by provider. (Minn. Rules, 3300.2025, subpart 5) Reporting workers receiving natural supports to the extended employment program. (Minn. Rules, 3300.2025, subpart 6.) Case records. (Minn. Rules, 3300.2025, subpart 9 (I-J))
Applicability:	Workers in Community Employment and Supported Employment.
Sample unit:	a worker reported in community or supported employment
Suggested Procedure:	Review the case file for the provision of ongoing support services. Determine if minimum contacts were made by the provider. If two contacts were not made per month, review case record for a written agreement for the period with an employer pursuant to Minn. Rules, 3300.2025, subpart 6. Determine if the ongoing employment support services were delivered in accordance with the written agreement.
Results:	Report the lack of compliance or documentation on the Appendix C. <u>Schedule of Questioned Hours and Wages</u> or Appendix D. <u>Schedule of Questioned Hours and Wages for New/Expanded Programs</u> by questioning the reported hours and wages. Questioned hours and wages should be displayed in brackets, as negative numbers, in the <i>Variance</i> columns. Identify Criterion #11 as the reason for the questioned hours and wages.
Note:	Skype, video-conferencing, and other forms of electronic meetings do not constitute in-person contacts for the provision on ongoing employment support services. The provision of ongoing employment support services must be delivered by the certified EE provider, except where DEED approved the subcontract agreement with another certified EE provider in advance of the delivery of services in any state fiscal year. Evidence of DEED's approval is required in writing.

Criterion 12: The provider earned its Center-based Employment Fund allocation based on reported and audited hours during the current state fiscal year.

Reference: Listing of Reported Participants and Relevant Data
Extended Employment Program Contract
Payments for reimbursement of ongoing support services
Appendix C. Schedule of Questioned Hours and Wages
Appendix D. Questioned Hours and Wages for New/Expanded Programs.

Suggested Procedure: Complete Appendix F. Center-based Employment Fund Reconciliation. If the provider has a New & Expanded Program, complete Part B first as information derived from Part B may be used in Part A.

PART A. BASE ALLOCATION (lines 1 - 14.) This part records production (reported hours of work), variances, contract allocation, and payments for the provider's base allocation. Do not include information for New and Expanded Programs, except in as requested on line 5.

PART B. NEW AND EXPANDED ALLOCATION (lines 15 - 27.) This part pertains exclusively to a New and Expanded Program. The auditor will need to obtain a separate Listing of Reported Participants and Relevant Data to determine program participants reported in the New and Expanded Program. The provider's Extended Employment Program Contract (Section II. A. (3, 4) will identify separate funding if a provider has been granted a New and Expanded Programs. New and Expanded Programs have special conditions identified in the DEED's Request for Proposal and/or the provider's Proposal. These conditions usually target a specific population, service, or geographic area to be served with these funds. Therefore, hours reported above the level necessary to earn the provider's base allocation may NOT be used to supplement the New and Expanded Program.

PART C. CONTRACT RECONCILIATION (lines 28 - 30.) This part rolls up parts A and B to determine the net funds due to the provider or the DEED.

Line 1: Record the total hours of reported participants in Center-based Employment from the Listing of Reported Participants and Relevant Data. (Do not include the hours of program participants reported under New & Expanded programs.)

Line 2: Determine the error rate within the selected sample as follows: (a) sum the "CBE Subtotal" (from the column labeled "Hours - Variance" on Appendix C and (b) divide by the sum of all reported CBE hours for the selected sample, including those with and without variances.

Line 3: **If the error rate is 10% or greater**, multiply the hours reported on line 1 by the error rate on line 2. If the error rate is less than 10%, record a zero.

Line 4: If line 3 is equal to zero, record the sum the "CBE Subtotal" (from the column labeled "Hours - Variance" on Appendix C) calculated for Line 2(a). If line 3 is greater than zero, skip this line.

Line 5: If line 21 is greater than line 22, the provider may elect to allocate this excess production from its New and Expanded program to meet the provider's contract obligations for its base allocation. To calculate the maximum allowable hours that may be allocated, divide line 23 by the CBE reimbursement rate (line 20).

Line 6: Determine the allowable hours after audit by using the following formula:

- (a) Subtract the value reported on line 3 from line 1, note the difference;
- (b) Add or subtract the net variances reported on line 4 from the value determined in item (a) above, note the new value;
- (c) Add the value of line 5 to the value from (b) above, and record this new value on line 6.

Line 7: Skip this line.

Line 8: Multiply the allowable hours after audit (line 6) by the CBE reimbursement rate (line 7) to determine the provider's potential earnings, based on reported production.

Line 9: Record the contracted base allocation for the Center-based Employment program. (Do not include locations for New & Expanded Programs.)

Line 10: Subtract line 9 from line 8. Record the difference if not equal to zero.

Line 11: Record the lesser of lines 8 and 9.

- Line 12: Record the CBE funds received by the provider as of a given date. Record the date in the space provided on this line. (Do not include any payments for New and Expanded Programs.)
- Line 13: If the amount on line 11 is greater than the amount on line 12, record the difference. This is the amount the DEED owes the provider.
- Line 14: If the amount on line 12 is greater than the amount on line 11, record the difference. This is the amount the provider owes the DEED. If the provider chooses not to appeal the findings of the audit, a check may be submitted with the audit report for this amount.
- Line 15: Record the total hours of reported participants in a New and Expanded Center-based Employment program from the *Listing of Reported Participants and Relevant Data*. (Do not include the hours of program participants reported under base allocations.)
- Line 16: Determine the error rate within the selected sample as follows: (a) sum the “CBE Subtotal” (from the column labeled “Hours - Variance” on Appendix D for New and Expanded Programs) and (b) divide by the sum of all reported CBE hours for the selected sample, including those with and without variances.
- Line 17: If the error rate is 10% or greater, multiply the hours reported on line 15 by the error rate on line 16. If the error rate is less than 10%, record a zero.
- Line 18: If line 17 is equal to zero, record the sum the “CBE Subtotal” (from the column labeled “Hours - Variance” on Appendix D calculated for Line 16(a). If line 17 is greater than zero, record a zero on line 18.
- Line 19: Determine the allowable hours after audit by using the following formula:
- (d) Subtract the value reported on line 17 from line 15, note the difference;
 - (e) Add or subtract the net variances reported on line 18 from the value determined in item (a) above, note the new value; and record this new value on line 19.
- Line 20: Skip this line.
- Line 21: Multiply the allowable hours after audit (line 19) by the CBE reimbursement rate (line 20) to determine the provider’s potential earnings, based on reported production.
- Line 22: Record the contracted allocation for the New and Expanded Center-based Employment program. (Do not include the base allocation.)
- Line 23: Subtract line 22 from line 21. Record the difference if greater than zero. This represents the reported and unfunded production from the provider’s New and Expanded Program. This excess production may be used to supplement the provider’s base contract allocations (Part A.) To determine the hours to report on line 5, Part A, divide the dollars reported here (line 23) by the CBE reimbursement rate (line 20).
- Line 24: Record the lesser of lines 21 and 22.
- Line 25: Record the CBE funds for the New and Expanded Program received by the provider as of a given date. Record the date in the space provided on this line. (Do not include any payments from base allocations.)
- Line 26: If the amount on line 24 is greater than the amount on line 25, record the difference. This is the amount the DEED owes the provider.
- Line 27: If the amount on line 25 is greater than the amount on line 24, record the difference. This is the amount the provider owes the DEED. If the provider chooses not to appeal the findings of the audit, a check may be submitted with the audit report for this amount.
- Line 28: Record the sum of lines 13 and 26.
- Line 29: Record the sum of lines 14 and 27.
- Line 30: Record the difference from lines 28 and 29.
- Results: Reconcile the total eligible hours, earned allocation, payments and variance from the contracted Center-based Employment Fund allocation.

Criterion 13: The provider earned its Community Support Fund allocation based on reported and audited hours in the current state fiscal year.

Reference: [Listing of Reported Participants and Relevant Data](#)
[Extended Employment Program Contract](#)
Payments for reimbursement of ongoing support services
Appendix C. [Schedule of Questioned Hours and Wages](#)
Appendix D. [Schedule of Questioned Hours and Wages for New and Expanded Programs](#)
DEED's 2013 Funding Letter for New/Expanded programs
[DEED Summary of New and Expanded Grants \(Appendix 1\)](#)

Suggested Procedure: Complete Appendix E- [Community Support Fund Reconciliation](#). If the Department and the provider executed an Extended Employment contract for New or Expanded ongoing employment support services, complete Part B first as information derived from Part B may be used in Part A.

PART A. BASE ALLOCATION (lines 1-23.) This part records production (reported hours of work), variances, contract allocation, and payments for the providers base allocation. Do not include information for New and Expanded Programs, except in as requested on lines 5 and 13.

PART B. NEW AND EXPANDED ALLOCATION (lines 24-44.) This part pertains exclusively to a New and Expanded Program. The auditor will need to obtain a separate [Listing of Reported Participants and Relevant Data](#) to determine program participants reported in the New and Expanded Program. The provider's [Extended Employment Program Contract](#) will identify separate funding if a provider has been granted a New and Expanded Programs. New and Expanded Programs have special conditions identified in the DEED's [Request for Proposal](#) and/or the provider's [Proposal](#). These conditions usually target a specific population, service, or geographic area to be served with these funds. Therefore, hours reported above the level necessary to earn the provider's base allocation may NOT be used to supplement the New and Expanded Program.

PART C. CONTRACT RECONCILIATION (lines 45-47.) This part rolls up parts A and B to determine the net funds due to the provider or the DEED.

- Line 1: Record the total hours of reported participants in Community Employment from the [Listing of Reported Participants and Relevant Data](#). (Do not include the hours of program participants reported under New & Expanded programs.)
- Line 2: Determine the error rate within the selected sample as follows: (a) sum the "CE Subtotal" (from the column labeled "Hours - Variance" on Appendix C) and (b) divide by the sum of all reported CE hours for the selected sample, including those with and without variances.
- Line 3: **If the error rate is 10% or greater**, multiply the hours reported on line 1 by the error rate on line 2. If the error rate is less than 10%, record a zero.
- Line 4: If line 3 is equal to zero, record the sum the "CE Subtotal" (from the column labeled "Hours - Variance" on Appendix C) as calculated above in Line 2(a). If line 3 is greater than zero, skip line 4.
- Line 5: If line 38 is greater than line 39, the provider may elect to allocate this excess production from its New and Expanded program to meet the provider's contract obligations for its base allocation. To calculate the maximum allowable hours that may be allocated, if all of the New & Expanded program's over production is allocated to the provider's Community Employment program, divide line 40 by the CE reimbursement rate (line 7). Note: the hours reported on lines 5 and 13, when multiplied by the applicable reimbursement rates, cannot exceed the amount reported on line 40.
- Line 6: Determine the allowable hours after audit by using the following formula:
- (a) Subtract line 3 from line 1;
 - (b) Add or subtract the net variances reported on line 4; and
 - (c) Add line 5.
- Line 7: Skip this line.

- Line 8: Multiply the allowable hours after audit (line 6) by the CE reimbursement rate (line 7) to determine the provider's potential earnings, based on reported production.
- Line 9: Record the total hours of reported participants in Supported Employment from the *Listing of Reported Participants and Relevant Data*. (Do not include the hours of program participants reported under New & Expanded programs.)
- Line 10: Determine the error rate within the selected sample as follows: (a) sum the "SE Subtotal" (from the column labeled "Hours - Variance" on Appendix C) and (b) divide by the sum of all reported SE hours for the selected sample, including those with and without variances.
- Line 11: **If the error rate is 10% or greater**, multiply the hours reported on line 1 by the error rate on line 2. If the error rate is less than 10%, record a zero.
- Line 12: If line 11 is equal to zero, record the sum the "SE Subtotal" (from the column labeled "Hours - Variance" on Appendix C) as calculated above for Line 10(a). If line 11 is greater than zero, skip this line.
- Line 13: If line 38 is greater than line 39, the provider may elect to allocate this excess production from the New and Expanded program to meet the provider's contract obligations for its base allocation. To calculate the maximum allowable hours that may be allocated, if all of the New & Expanded program's over production is allocated to the provider's Supported Employment program, divide line 40 by the SE reimbursement rate (line 15). Note: the hours reported on lines 5 and 13, when multiplied by the applicable reimbursement rates, cannot exceed the amount reported on line 40.
- Line 14: Determine the allowable hours after audit by using the following formula:
- (a) Subtract line 11 from line 9;
 - (b) Add or subtract the net variances reported on line 12; and
 - (c) Add line 13.
- Line 15: Skip this line.
- Line 16: Multiply the allowable hours after audit (line 14) by the SE reimbursement rate (line 15) to determine the provider's potential earnings, based on reported production.
- Line 17: Add lines 8 and 16.
- Line 18: Record the contracted base allocation from the Community Support Fund. (Do not include allocations for New & Expanded Programs.)
- Line 19: Subtract line 18 from line 17. Record the difference if greater than zero.
- Line 20: Record the lesser of lines 17 and 18.
- Line 21: Record the CS funds received by the provider as of a given date. Record the date in the space provided on this line. (Do not include any payments for New and Expanded Programs.)
- Line 22: If the amount on line 20 is greater than the amount on line 21 record the difference. This is the amount the DEED owes the provider.
- Line 23: If the amount on line 21 is greater than the amount on line 20, record the difference. This is the amount the provider owes the DEED. If the provider chooses not to appeal the findings of the audit, a check may be submitted with the audit report for this amount.
- Line 24: Record the total hours of participants in a new or expanded Community Employment program from the *Listing of Reported Participants and Relevant Data*. (Do not include the hours of program participants reported under base allocations.)
- Line 25: Determine the error rate within the selected sample as follows: (a) sum the "CE Subtotal" (from the column labeled "Hours - Variance" on Appendix D (for New and Expanded Programs) and (b) divide by the sum of all reported CE hours for the selected sample, including those with and without variances.
- Line 26: **If the error rate is 10% or greater**, multiply the hours reported on line 24 by the error rate on line 25. If the error rate is less than 10%, record a zero.
- Line 27: If line 26 is equal to zero, record the sum the "CE Subtotal" (from the column labeled "Hours - Variance" on Appendix D) as calculated above for Line 25(a). If line 26 is greater than zero, skip line 27.
- Line 28: Determine the allowable hours after audit by using the following formula:
- (a) Subtract line 26 from line 24; and
 - (b) Add or subtract the net variances reported on line 27.
- Line 29: Skip this line.

- Line 30: Multiply the allowable hours after audit (line 28) by the CE reimbursement rate (line 29) to determine the provider's potential earnings, based on reported production.
- Line 31: Record the total hours of reported participants in new or expanded Supported Employment program from the Listing of Reported Participants and Relevant Data. (Do not include the hours of program participants reported under base allocations.)
- Line 32: Determine the error rate within the selected sample as follows: (a) sum the "SE Subtotal" (from the column labeled "Hours - Variance" on Appendix D (for New and Expanded Programs) and (b) divide by the sum of all reported SE hours for the selected sample, including those with and without variances.
- Line 33: **If the error rate is 10% or greater**, multiply the hours reported on line 31 by the error rate on line 32. If the error rate is less than 10%, record a zero.
- Line 34: If line 33 is equal to zero, record the sum the "SE Subtotal" (from the column labeled "Hours - Variance" on Appendix D) as calculated above for Line 32(a). If line 33 is greater than zero, skip line 34.
- Line 35: Determine the allowable hours after audit by using the following formula:
- (a) Subtract line 33 from line 31; and
 - (b) Add or subtract the net variances reported on line 34.
- Line 36: Skip this line.
- Line 37: Multiply the allowable hours after audit (line 35) by the SE reimbursement rate (line 36) to determine the provider's potential earnings, based on reported production.
- Line 38: Add lines 30 and 37.
- Line 39: Record the contracted allocation from the Community Support Fund for the New and Expanded Supported Employment program. (Do not include the base allocation.)
- Line 40: Subtract line 39 from line 38. Record the difference if greater than zero. This represents the reported and unfunded production from the provider's New and Expanded Program. This excess production may be used to supplement the provider's base contract allocations (Part A.) To determine the hours to report in Part A, (lines 5 and 13), divide line 40 by the applicable reimbursement rate for CE or SE. However, the hours reported on lines 5 and 13, multiplied by the applicable reimbursement rates, cannot exceed the amount reported here, on line 40.
- Line 41: Record the lesser of lines 38 and 39.
- Line 42: Record the Community Support Funds for the New and Expanded Program received by the provider as of a given date. Record the date in the space provided on this line. (Do not include any payments from base allocations.)
- Line 43: If the amount on line 41 is greater than the amount on line 42, record the difference. This is the amount the DEED owes the provider.
- Line 44: If the amount on line 42 is greater than the amount on line 41, record the difference. This is the amount the provider owes the DEED. If the provider chooses not to appeal the findings of the audit, a check may be submitted with the audit report for this amount.
- Line 45: Record the sum of lines 22 and 43.
- Line 46: Record the sum of lines 23 and 44.
- Line 47: Record the difference from lines 45 and 46.
- Results: Reconcile the total eligible hours, earned allocation, payments and variance from the contracted Center-based Employment Fund allocation.

Appendix 1. Summary of New and Expanded EE Program Grants

The table identifies the SFY15 *Supported Employment* allocations for N/E programs.

Each provider's April/May 2013 grant award letter stipulates: (a) disability group/s to be served, and (b) counties of residence of persons to be served. The content of the award letters is summarized below for the convenience of auditors. The New/expanded grant funds may not be used for other services or other populations without the written permission of Kimberley Peck, Director of Vocational Rehabilitation Services.

Autism Works, Inc.	Funding period: April 1, 2013 - February 28, 2015
<u>Award, Work hours, Subprogram:</u> \$93,476 to provide up to 23,486 hours of <i>Supported Employment</i> <u>Disability group(s) to be served:</u> Autism Spectrum <u>County residents to be served:</u> Kandiyohi <u>Referral source:</u> DEED-VRS	
Functional Industries, Inc.	Funding period: April 1, 2013 - June 30, 2016
<u>Award, Work hours, Subprogram:</u> \$86,413 to provide up to 21,711 hours of <i>Supported Employment</i> <u>Disability group(s) to be served:</u> Autism Spectrum <u>County residents to be served:</u> Benton, McLeod, Meeker, Sherburne, Stearns, and Wright <u>Referral source:</u> DEED-VRS	
Goodwill/Easter Seals of MN	Funding period: April 1, 2013 - June 30, 2016
<u>Award, Work hours, Subprogram:</u> \$85,567 to provide up to 21,499 hours of <i>Supported Employment</i> <u>Disability group(s) to be served:</u> Autism Spectrum, Mental Illness <u>County residents to be served:</u> Blue Earth, Chippewa, Kandiyohi, Le Sueur, McLeod, Meeker, Nicollet, Renville, and Swift <u>Referral source:</u> DEED-VRS and County Social Service agencies	
Lifeworks Services, Inc.	Funding period: May 1, 2013 - June 30, 2016
<u>Award, Work hours, Subprogram:</u> \$72,863 to provide up to 18,307 hours of <i>Supported Employment</i> <u>Disability group(s) to be served:</u> Autism spectrum, and persons with multiple diagnoses <u>County residents to be served:</u> Blue Earth, Brown, Nicollet, Sibley, Waseca, and Watonwan <u>Referral source:</u> DEED-VRS and County Social Service agencies	
Occupational Development Center, Inc.	Funding period: April 1, 2013- June 30, 2016
<u>Award, Work hours, Subprogram:</u> \$64,714 to provide up to 16,260 hours of <i>Supported Employment</i> on premises that are not owned or operated by ODC <u>Disability group(s) to be served:</u> Mental Illness <u>County residents to be served:</u> Pennington, Polk, Red Lake, and Roseau <u>Referral source:</u> DEED/VRS	
Opportunity Services, Inc.	Funding period: April 1, 2013 - June 30, 2016
<u>Award, Work hours, Subprogram:</u> \$83,866 to provide up to 21,071 hours of <i>Supported Employment</i> <u>Disability group(s) to be served:</u> Autism Spectrum, Mental Illness <u>County residents to be served:</u> Olmsted <u>Referral source:</u> DEED-VRS, County Social Service agencies, and High schools	
Resource, Inc.	Funding period: April 1, 2013 - June 30, 2016
<u>Award, Work hours, Subprogram:</u> \$34,897 to provide up to 8,768 hours of <i>Supported Employment</i> <u>Disability group(s) to be served:</u> Mental Illness, Autism, Traumatic Brain Injury, and Learning Disability <u>County residents to be served:</u> Benton, Meeker, Morrison, Sherburne, Stearns, and Wright <u>Referral source:</u> DEED-VRS and Mental Health Center(s)	
Rise, Inc.	Funding period: April 1, 2013 - June 30, 2016
<u>Award, Work hours, Subprogram:</u> \$86,126 to provide up to 21,640 hours of <i>Supported Employment</i> <u>Disability group(s) to be served:</u> Mental Illness, Chemical dependency, Autism, and Physical <u>County residents to be served:</u> Benton, Sherburne, Stearns, and Wright <u>Referral source:</u> DEED-VRS, MN Corrections Department, County Social Service agencies, and Half-way houses	

Appendix 2: Understanding the relationship between the Federal Medical Assistance Waiver Program and Minnesota's Extended Employment Program

Medicaid Home and Community-Based Waivers, which are granted by the federal Centers for Medicare & Medicaid Services, allow the state to use Medicaid money to fund services in alternative settings for Medicaid-eligible people who would otherwise receive care in hospitals, nursing facilities, or intermediate care facilities.

Minnesota has the following six waiver programs targeted to separate populations. The DD Waiver program accounts for the majority of Minnesota's spending on waiver programs. (Adult Rehabilitative Mental Health Services is not a waiver type; technically it is a MA Rehab Option.)

- Developmental Disabilities (DD) Waiver
- Community Alternative Care Waiver
- Community Alternatives for Disabled Individuals (CADI) Waiver
- Brain Injury (BI) Waiver
- Elderly Waiver
- Alternative Care

Waiver programs allow recipients to receive medical and non-medical services beyond those covered by traditional Medicaid. The *Social Security Act* specifies the services that the waiver programs can cover. In Minnesota, some services are extensions of traditional Medicaid services while others are unique to the waiver programs.

Six services are part of all waiver programs available in Minnesota:

- Residential
- "Case management" means locating, coordinating, and monitoring social and daily living activities, medical services, and other services needed by a person and his or her family.
- "Homemaker services" means providing general household activities by a trained homemaker when the usual homemaker is unable.
- Equipment, home, or vehicle modifications.
- "Extended personal care assistant services" means assisting with eating, bathing, dressing, personal hygiene, and other activities of daily living.
- "Respite care" means providing short-term care in the home or out of it, when the usual caregiver is unavailable or needs a rest.
- Transportation.

Employment-related services are available only for certain waiver programs:

- "Supported Employment Services" are limited to CADI, DD, and BI waivers
- "Day Training and Habilitation" is only in the DD Waiver program.

Auditors should use **Appendix 3** to determine whether a waiver recipient is eligible for dual reporting to the Extended Employment Program, based on the waiver services identified in the recipient's *Individual Service Plan*. (Note: the Individual Service Plan is not the Extended Employment Support Plan.)

Minnesota's Department of Human Services oversees the waiver programs, and county Human Service agencies maintain local authority for enrollment decisions. Until December 31, 2013 County Human Service agencies established contracts for waiver-funded services with providers. Effective January 1, 2014, the Department of Human Services (DHS) contracts directly with enrolled service providers meeting specific

standards in order to bill DHS and receive payment for services provided to waiver recipients. EE compliance auditors should plan to review the service agreements/contracts for waiver programs between the provider and County, and between the provider and the Minnesota Department of Human Service that were in force during the EE compliance audit period: July 1, 2014 to June 30, 2015.

Since Federal law and regulations require states to assure that recipients use all other sources available to them to pay for their medical care needs before turning to Medicaid, Medical Assistance (MA) funds are considered “the payer of last resort” in most circumstances, and County human service agencies have the responsibility to ensure all other funding sources have been exhausted before enrolling individuals on MA Waiver programs.

The 100% State-appropriated EE funds are not intended to pay for participants in other employment-related programs funded through state, federal, or other sources. Therefore, the EE funding rule excludes participation when (a) a funding source is obligated to pay for total program costs, or (b) the funding source prohibits concurrent funding of program participants receiving EE program services. (See M. Rules, 3300.2015, subpart 8). This exclusion generally applies to waiver-funded services as Medicaid is intended to be the payer of last resort and is obligated to pay for all of a recipient’s necessary services to maintain a place to live, basic life functioning, mental health, employment, etc.

However, the EE-rule workgroup recognized the possibility of exceptions when DTH participants required ongoing employment support services that were not available through the MA program. Therefore, the EE Rule (M. Rules 3300.2015, subp. 7) prohibits the reporting of DTH participants (or other waiver services added since the EE rules were promulgated) when their waiver service is funded by a full-day rate, and requires (a) participants funded under part-day rates be limited to the EE’s community-based subprograms; (b) comply with the EE Rules, 3300.2005 - 3300.2055; (c) the provider report the worker’s DTH status to the EE program; and (d) the ongoing employment supports provided during the hours reported to EE are provided under an Extended Employment Support Plan, and are not delivered by the employees of a day activity center licensed by the Department of Human Services.

In summary, to utilize EE funding, an individual enrolled in Federal Medical Assistance Waiver Program must be receiving a separate EE service above and beyond what can be provided under the waiver. Since Supported Employment Services can be an authorized MA service recipients generally should not be reported to the EE program. However, it is possible that the costs of pre-authorized waiver services could have obligated a person’s entire waiver budget, leaving no funds available for employment services. In those cases, EE funding is a viable alternative that is likely to be supported by the person served and interdisciplinary team. However, the EE service provider does not have access to the necessary information to make such a determination, and cannot add services to the waiver-recipient’s Individual Service Plan if sufficient funds are available. Therefore, the County Human Services agency must be included in the decision-making process when a waiver recipient is considered for EE enrollment.

Since DEED is responsible for establishing the audit criteria and suggested procedures for the EE program, a form was developed (Appendix 4) to address: (a) the need for separate services, (b) provision of service by staff member not funded by DHS, and (c) the inability of the waiver to fund the needed employment service. Providers may elect to develop their own form so long as they include at a minimum all of the elements included on DEED’s suggested form and, if the need for the additional EE services are acknowledged by the County, obtain the signature of the County Social Service Supervisor (a) acknowledging the EE service need, (b) verifying that the needed EE services cannot be funded by the recipient’s waiver, and (c) identifying the date when the County approval of dual reporting will be reexamined. Without the written informed consent of the County Social Service Supervisor or County Social Service Director, no waiver recipient can be reported to the EE program. And, reported hours will be disallowed.

Appendix 3: **Eligibility Analysis for MA – EE Dual Enrollment**

INSTRUCTIONS: Auditors should use this table to determine if a person’s work hours are eligible for reimbursement by Minnesota’s Extended Employment Program while enrolled on a Federal Medical Assistance Waiver.

Service Funded by Federal Medical Assistance Waiver		Eligibility for Extended Employment Subprograms		
Service - (Waiver)	Unit of Service	SUPPORTED EMPLOYMENT	COMMUNITY EMPLOYMENT	CENTER-BASED EMPLOYMENT
<i>“Day Training & Habilitation Services”</i> - (DD)	Full-time	Not eligible	Not eligible	Not eligible
	Partial	Eligible	Eligible	Not eligible
<i>“Adult Rehabilitative Mental Health Services”</i> and other mental health services - (ARMHS)	all	Eligible	Eligible	Eligible
<i>“Supported Employment Services”</i> - (DD or CADI)	15-minute units of service	Eligible	Eligible	Not eligible
<i>“Prevocational Services”</i> - (CADI or BI) <i>“Structured Day Services”</i> - (BI)	all	Not Eligible	Not Eligible	Not Eligible
<i>“Case Management”</i> and other non-employment related services that are not specifically excluded on this table.	all	Eligible	Eligible	Eligible

Consumer: _____ Service Provider: _____
County of Residence: _____ Case Manager: _____
County of Financial Responsibility: _____ Date Prepared by Provider: __/__/__

Medical Assistance Waiver Services

Waiver & Service(s)	Contact Units, Frequency, etc.	Staff	Service Schedule	Intended Outcome
<i>EXAMPLE: DD – DTH Services</i>	<i>Partial day rate</i>	<i>Joe Smith</i>	<i>Joe supervises the crew whenever they are asked to work</i>	<i>Retain job at XYZ Buffet – dishwashing enclave – 3 days/week, 2 hours/day</i>

Intended Result of EE services	Subprogram ¹	Staff	Ongoing Employment Support Services Needed	Why Can't the Service be Provided under the Waiver?
<i>EXAMPLE: Independent job at Ma's Diner paid customary wage/benefits; expect 15 hours of work per week, \$2.60 more per hour.</i>	<i>Supported Employment</i>	<i>Mary Jones</i>	<i>1:1 job coaching until employer & consumer approve fade schedule, then at least 2 face:face visits per month until employer, consumer & IDT agree to stop in favor of natural supports.</i>	<i>Service not permitted by this waiver Consumer's waiver budget is fully allocated to pre-existing services.</i>

Signature [County] Human Services Director/Supervisor

Print Name

____/____/____
Date

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